

STATE CORPORATION COMMISSION DOCUMENT CONTROL

AT RICHMOND, JUNE 6, 2003

COMMONWEALTH OF VIRGINIA

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At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2003-00067

OPTIMUM CHOICE, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation and subsequent allegations by the Bureau of Insurance, it appears that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated § 38.2-3405 B of the Code of Virginia, as well as the Cease and Desist Order entered by the Commission in Case No. INS-2001-00090, by requiring a beneficiary of a health services plan to pay back to Defendant benefits paid to the beneficiary pursuant to the terms of such plan from the proceeds of a recovery by the beneficiary from another source, and §§ 38.2-510 A (1) and (6) of the Code of Virginia by misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue and by not attempting in good faith to make prompt, fair, and equitable settlements of claims in which liability has become reasonably clear with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-3405 B, 38.2-510 A (1), or 38.2-510 A (6) of the Code of Virginia; and

(3) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Sidney G. Masri, Vice President for Compliance Matters, Optimum Choice, Inc., Four Taft Court, Rockville, Maryland 20850; and the Bureau of Insurance in care of Deputy Commissioner Gerald A. Milsky.